FCS SERVICE REPORT 142 FARMER COOPERATIVE SERVICE U.S. DEPARTMENT OF AGRICULTURE

LIVESTOCK CREDIT COOPERATIVE FOR THE SOUTHEAST

PREFACE -- SURVEY METHODOLOGY

Three methods were used to obtain information about the livestock industry and its credit needs in the Southeast.

First, a questionnaire (app. A), prepared by Farmer Cooperative Service (FCS), Mississippi State University, and the National Live Stock Producers Association, (NLSPA) was mailed by State statisticians to farmers. State statisticians of Statistical Reporting Service (SRS), USDA, in Alabama, Arkansas, Florida, Georgia, and Mississippi drew a sample from the universe of livestock producers of record. The identity of persons receiving questionnaires was maintained as a confidential record in each State. Questionnaires were returned to FCS with names and addresses deleted.

Second, we used the Delphi method of sampling people with specific knowledge of the livestock industry and its credit needs: Representatives of State universities, State Departments of Agriculture, farm organizations, banks, insurance companies, State cattlemen's associations, and local lending agencies. This type of sampling is often used by industries in making their 5- and 10-year plans, where specific information is not available for decisionmaking.

Third, a Mississippi State Extension marketing specialist sent a special questionnaire to members of the Mississippi Livestock Producers Association (MLPA). The most important question asked was "If a credit corporation is formed, would you be interested in buying stock?" Extension personnel analyzed the returns, which were exceptionally high compared with those for State statisticians.

NLSPA and Mississippi Livestock Producers Association asked FCS to study the Southeast livestock industry to see if formation of a cooperative credit corporation would be feasible. This report summarizes that study.

While there are some differences in the survey results, the differences are in magnitude and not in direction. We believe each source of data supports the general proposition that livestock production is going to increase in the Southeast.

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SUMMARY AND RECOMMENDATION

Beef cattle population in the Southeast will expand more than 30 percent by 1985. Feeding calves to heavier weights before shipping them north and west as feeder cattle will increase. Feedlot operations will increase also.

Total additional credit needs for cattle raising will be $175 million to $195 million in 1975 through 1980 and $485 million to $575 million by 1985. Existing sources of credit are not completely responsive to the needs of the livestock industry--neither in terms of volume nor in length of time and collateral. These sources of credit are oriented to the single-season, relatively low-volume needs of row-crop agriculture. Beef operations require high-volume, long-term credit to build up a cow herd. Beef producers' current heavy dependence on credit from individuals will not be sufficient to support the projected expansion. Rational growth of the Southeast livestock industry and its financial needs will require some supervision of loans and a close affiliation with a livestock marketing program.

To narrow the gap between financing and credit, establishment of a credit corporation is proposed. It should be a subsidiary of Mississippi Livestock Producers Association (MLPA), a marketing cooperative headquartered in Jackson, Miss. The corporation will serve the region included in the study. As service grows, a district pattern will evolve.

The cooperative should be capitalized for $2.5 million, with $250,000 purchased by MLPA and $250,000 by National Live Stock Producers Association. The remaining stock will be purchased by producers and other interested persons. The corporation should be prepared to supply at least $20 million annually in loans in 5 years.

The corporation will be prepared to service borrowers where: 15 percent will need $25,000 or less; 30 percent will need $25,000 to $75,000; and 55 percent will need more than $100,000.

The credit corporation should strive for immediate large loan volume, recognize the supportive role of credit to the total MLPA program, and be prepared for some operating losses during the first 2 years of operation.

A LIVESTOCK CREDIT COOPERATIVE FOR THE SOUTHEAST

by

R.L. Fox and L.L. Monroe[1/]

PART I -- THE SITUATION: AN EXPANDING LIVESTOCK INDUSTRY

Financing livestock production in the southeastern States involves many types and sizes of operations. Credit must meet the needs of the part-time farmer living in the country but also employed in industry; it must satisfy the requirements of a few large operators who rely on livestock for their primary source of income. Between these extremes, credit must be suitably available for the most numerous operation -- the many farmers who raise some livestock, but relatively few head compared with the typical livestock farmer in other regions of the United States.

Since 1950, beef cow herds have increased greatly in the area, along with substantial increases in hog numbers. Most beef cows have been used to produce lightweight calves that move to the High Plains and midwestern feedlots (table 1). "The Southeast is expected to continue enlarging its beef cow inventory. Factors responsible for past growth will influence future expansion. These include more specialization in farming, farm consolidations, increasing by scarce and costly farm labor, technological improvements in forage production and utilization, and a continuing trend toward part-time farming."[2/]

Beef cow rate of increase may slow down from 1974 to 1980, compared with the rapid rise in the past 15 years, although the eight States considered in this study (figure 1) have already passed the 50 percent mark of the predicted growth rate from 1970 to 1980. Two States--Florida and South Carolina--have attained 82 percent of the expected 1970-80 growth rate. Despite shifts in land use, rising land costs, increased costs of carrying calves to heavier weight, and even the possibility of increased feeding activities, most experts expect another increase of more than 30 percent in beef cow numbers by 1985.

For each additional beef cow added, total investment could range from $400 to $750 per animal, exclusive of land cost.

The southeastern area of the United States has undeveloped potential pasture land, mild winters, favorable rainfall to increase the output of grass and forage crops, and crop aftermath not fully utilized.

1/ R.L. Fox, Senior Agricultural Economist, Farmer Cooperative Service, U.S. Department of Agriculture, Washington, D.C. L.L. Monroe, Extension Marketing Specialist, Mississippi State University, Miss. State, Miss. 2/ Cattle Raising in the United States, U.S. Dept. of Agr., Agr. Econ. Rpt. 235, p. 35. (10) in Reference materials.

Table 1--Beef cows on farms that have calved, selected States in Southeast, January 1, 1970-74

State	1970	1971	1972	1973	1974
			1,000 head		
Alabama	929	915	951	995	1,060
Arkansas	871	908	975	1,038	1,096
Florida	1,031	1,027	1,069	1,136	1,282
Georgia	830	856	887	909	935
Louisiana	839	820	885	910	905
Mississippi	1,135	1,141	1,189	1,249	1,285
South Carolina	252	255	275	295	288
Tennessee	964	970	1,048	1,124	1,125
Total, 8 States	6,851	6,892	7,279	7,656	7,976
Total U.S.	36,404	37,533	38,725	40,918	42,874

Source: (2) in Reference Materials

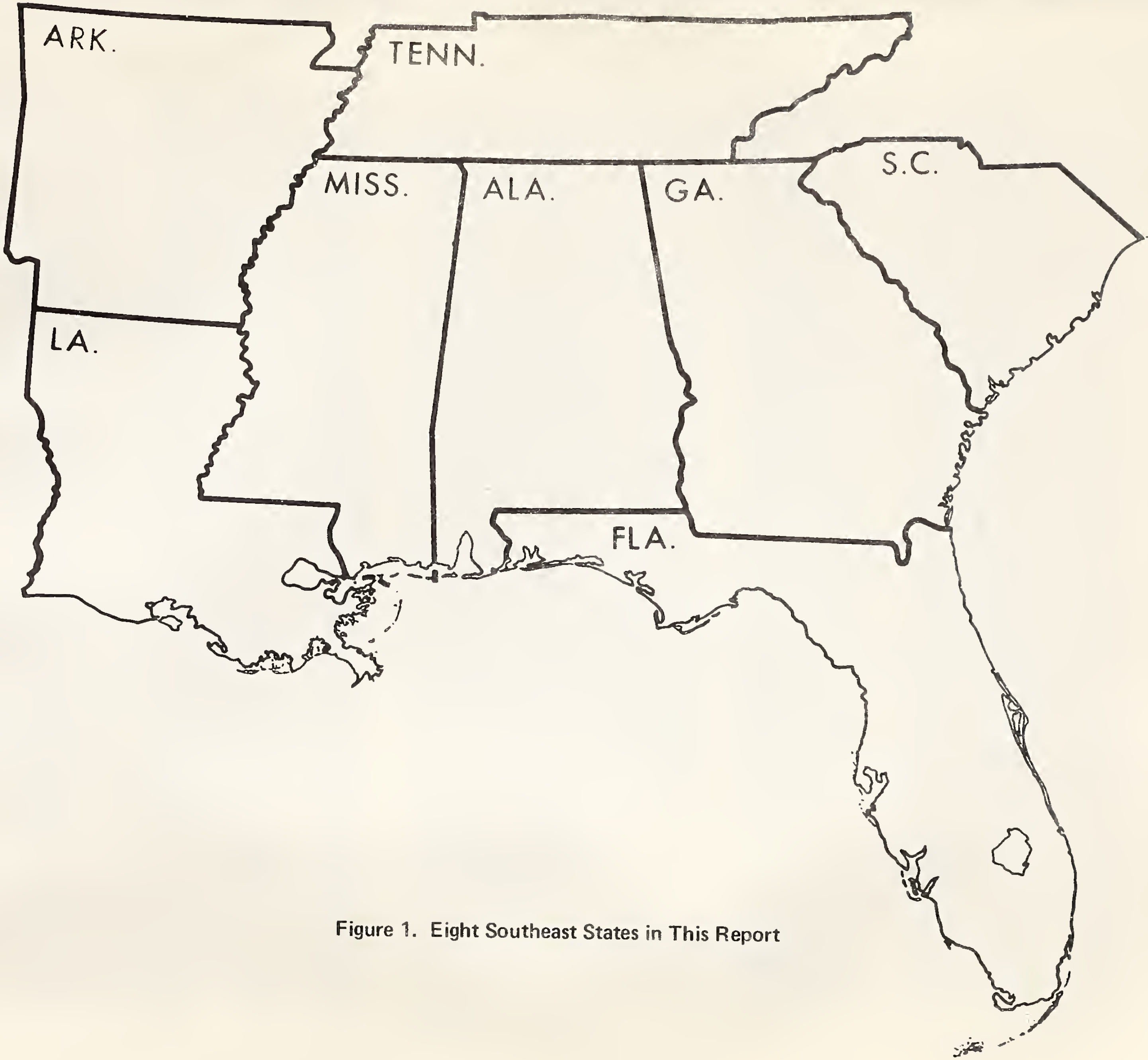

Figure 1. Eight Southeast States in This Report

All these factors support the general proposition that livestock production in the Southeast will increase.

The cattle industry will undergo changes within the next decade in both size and type of operations. While the cow-calf business will grow and predominate, calves will be retained on farms for added weight before being sold to feeders in other regions. Additional cattle will be carried to slaughter weights by better use of forage and byproducts of crops. Feedlot operations will increase in number and size, providing more fed beef for the Southeast.

Existing sources of credit are not completely responsive to the needs of the livestock industry, either in terms of volume nor in the time and collateral requirements of loans. An expanded beef industry can expect to increase the needs for credit. We therefore believe a specialized cooperative credit corporation is the best approach to improving responsiveness and providing additional service to the livestock industry.

Views of Livestock Industry Observers

Livestock industry observers agree that:

* Beef production will increase in the Southeast;
* There would be no strong opposition to establishing a cooperative credit corporation;
* Serious reservations exist about the ability of present credit organizations to meet livestock credit needs;
* Livestock credit needs would more likely be met for certain types of producers--such as the large-scale--or if there were additional collateral.

Representatives of existing credit organizations were generally more optimistic concerning their ability to meet credit needs than were other respondents.

The university specialists represented the largest number expressing opinions. They represented production, marketing, and research specialists in the experiment stations and Extension Service. They unanimously agreed that livestock production would increase more than the farmer questionnaires indicated. Seventy-five percent of the group was sure that more credit would be needed and that it was not readily available to livestock producers. More than half of this group thought farmers had problems in securing financing for livestock expansion.

Only one State had conducted a recent study on financing beef cattle prodution. Its conclusions were based on replies from a limited number of respondents. The summary of the report stated that "We have a credit system in...(Georgia) that will and can adequately finance a healthy expansion of the beef industry in the State. Credit is not a limiting factor. Some alterations in the traditional financial channels for agriculture probably would be necessary to finance cattle feeding." (See app. E, Reference Materials, 1)

Most of the group indicated that size of cattle operations would remain small, but they expected substantial growth in the number of farmers with 50 or more cows. Most of the increase will come from part-time farmers, although several people reported groups from outside of their State were either purchasing or interested in buying large acreages to develop a cow and calf business. This type of operation would have connections with some of the large feedlots in the Great Plains and Western areas. There was a unanimous opinion that more calves would be backgrounded and kept to heavier weights than at the present time, with more use of grass, forage, and crop residues.

All of the State departments of agriculture indicated there was a need for more livestock credit, except one. In that State, the university people all were emphatic in their disagreement with the State department. State department officials are encouraging cattle expansion in all of the eight States, with some predicting that cattle feeding will increase in the Southeast.

Bankers in the Southeast are interested in the development of a larger cattle industry. They were about equally divided in opinion on their ability to finance the rapid cattle production expansion and credit needs expected by 1980. More than 75 percent indicated that if they lent money on cattle, a lien was required on other property, including a second mortgage on land if another institution held first claim. Local bankers, contacted in four States, expressed no objections to a cooperative credit corporation being formed in their area. No position was secured from the remaining States in the S.E. Agricultural representatives of banks stated there would be more than enough business for local bankers, PCA's, and other lending institutions. One large banking corporation even indicated that it would consider purchasing stock in a specialized livestock lending cooperative if it were for sale to other than farmers.

Production credit associations' attitudes varied according to their location. Some said that they would lend all the money needed for cattle expansion, but qualified the statement--if it were a sound venture and the borrowers had sufficient collateral. Other PCA's indicated that they had plenty of funds to lend, but as yet were not too interested in livestock, but had been giving more thought to this type of loan. A few PCA's said their directors were crop producers and preferred that their loans be the short-term type that would be retired each year. We found no serious objections to a cooperative livestock credit corporation and PCA's in two States indicated that they would prefer to have another organization handle such highly specialized business.

Insurance companies said they were interested in additional livestock loans, but they must be large to reduce supervision costs. One company indicated they would probably not consider a loan under one-half million dollars.

The federal intermediate credit banks represented in the eight States under study are encouraging PCA's to lend more funds to livestock producers.

State cattlemen's associations contacted in three States said that if the cattle industry were to move ahead, more credit would be needed.

Farm Bureau (FB) federations were willing to supply names of members producing livestock plus their estimates of those using credit. All of the FB's expressed interest in finding ways to expand livestock production. We did not attempt to contact individual FB members whose names were provided by State associations. No doubt a number of these people were on the Statistical Reporting Service questionnaire and survey.

Views of Mississippi Producers

About 49.2 percent of Mississippi livestock producers surveyed borrowed money to finance their cattle operations and 16.1 percent indicated that they had some difficulties in borrowing money to finance their cattle business. The expected increase in cattle marketed from 1972 to 1973 was about 8 percent; 1973 to 1975 was more than 18 percent; and the increase from 1972 to 1975 was estimated to be 27.5 percent.

Eighty-eight percent of the members now borrowing money to finance their livestock operations indicated that they would be willing to purchase stock in a livestock credit corporation if it was organized by Mississippi Livestock Producers Association (MLPA). While almost 50 percent indicated that they did not borrow money to finance livestock, half of this group indicated they would purchase stock in the proposed credit association.

The respondents to the Mississippi survey marketed about 130 head of livestock each year, much greater than the average of respondents from the State statistician surveys.

The survey also showed that 75 percent of the livestock producers had a cow-calf operation. About 21 percent grazed calves on pasture to add weight after weaning calves from cows, or purchased these animals for a specialized grazing operation.

Operations Characteristics

A profile of the livestock industry in the Southeast looks like this:

82.0 percent had cow herd operations

7.5 percent had cattle feeding operations

6.2 percent had slaughter hog operations

4.3 percent had feeder pig operations

8.0 percent had dairy herd operations

No respondents had 100 percent swine operations. We discouraged dairymen answering questions, but several made write-in statements indicating a need for additional credit sources. Their records also revealed that they are larger users of credit than the average beef cow operators.

The only apparent difference exhibited in data used in the three additional States is that a slightly higher number of South Carolina and Tennessee farmers were engaged in producing slaughter hogs. Also, Tennessee farmers produced a higher percent of feeder pigs than the other States. However, the combined eight States show that cow-calf operations account for about 80 percent of all livestock business.

Expansion Plans

The expansion plans analysis only considered the increase of beef cows and heifers for beef cow replacement. The increased expansion from 1972 to 1974 was 4 percent and the increase from 1973 to 1980 was 15 percent. The figures for 1973 to 1980 were only about three-quarters of the expected increase expressed by production specialists and other livestock experts in the Southeast. See table 2 for increases in 1970-74.

Livestock Marketed

Cattle operations were definitely proved to be the most important part of livestock marketings from the questionnaires. Of the cattle marketed 81.4 percent were calves and feeder cattle. Only 18.6 percent were marketed as slaughter cattle. The slaughter cattle included steers, heifers, and cull cows and bulls from the beef cow herds.

Each State varied in the percentage expected to be marketed in future years. It is recognized that it is hard to look ahead for the long term with many uncertain ties involved in production; however, cow-calf operations are generally considered long-time planning in agriculture. Our survey predicts a relatively modest increase in marketings from 1973 to 1980 of about 3 percent annually. Most of the increase is expected to occur in the first 3 years, 1974-76. Arkansas is expected to experience a decline in marketings during the next 2 years, 1974-75. No reason is apparent, for cow numbers are expected to increase from 1973 to 1980.

The response to numbers to be marketed in 1980 were disappointing, and we do not place too much value on the estimate. Research results by State universities and USDA indicate that anticipated marketings will be double the results we obtained from the farmer survey. Perhaps prices and increased cotton, grain, and soybean production will change the expected increases or decreases. Several individuals stated that they were overdue for retirement and could make no plans for 1980. Although we did not ask the age of the respondents, we believe that respondents were older than average for the

Table 2--All cattle and calves on farms, selected States in Southeast, January 1, 1970-74

State	1970	1971	1972	1973	1974
			1,000 head		
Alabama	1,953	1,973	2,050	2,112	2,240
Arkansas	1,805	1,787	1,931	2,028	2,140
Florida	1,827	1,864	2,130	2,237	2,490
Georgia	1,889	2,002	2,042	2,062	2,103
Louisiana	1,705	1,705	1,728	1,763	1,745
Mississippi	2,487	2,537	2,322	2,415	2,610
South Carolina	642	661	643	662	670
Tennessee	2,308	2,354	2,472	2,520	2,690
Total, 8 States	14,616	14,883	15,318	15,799	16,688
Total U.S.	112,048	114,310	117,608	121,739	127,450

Source: (2) in Reference Material

region's farmers. More than 3 percent of livestock producers responding in one State stated they were more than 78 years of age by writing in their age.

A Production and Marketing Cooperative

Gold Kist Inc., an Atlanta-based cooperative, was the only cooperative included in the survey. The cooperative owns and operates two pork slaughtering and processing plants in Georgia, with long-range plans to expand the size of this operation. The slaughter plants have been modernized recently to meet Federal meat inspection requirements for sale of products in interstate commerce.

The cooperative operated two cattle feedlots during 1973 and contracted with farmers to background feeder cattle. These cattle operations were financed by the Columbia Bank for Cooperatives, Columbia, S.C.

Gold Kist indicated in 1973 that it would need to borrow more than $200,000 annually to expand its cattle operations, using the funds to support an integrated operation. It also planned to encourage individual farmers to borrow money for expansion from other sources to increase cattle marketings. While the cooperative marketed about 10,000 head of cattle in 1972, its plans were to increase these numbers. Because the cooperative has other marketing and processing activities in five other southeastern States beside Georgia, livestock marketing could become a more important activity for Gold Kist in the future. However, in early 1974, Gold Kist decided to discontinue cattle feeding operations because of economic conditions.

When asked why farmers in their trade territory were slow in expanding cattle operations, Gold Kist personnel replied that local bankers were reluctant to lend money to livestock producers. This reply did not appear often on survey returns from individual farmers.

Credit Needs

Estimated credit needed to finance an expanding livestock industry varied according to the group asked. The general opinion was that the credit needs for livestock producers would grow faster than overall farm credit needs. This livestock sector expected the annual loan demand rate to increase 10 to 12 percent each year from 1974 to 1985.

All individuals queried stated that most of the credit need would be of the intermediate type, committed for a minimum of 5 to 7 years to finance cow herds. More grazing and backgrounding of steers and heifers in the Southeast was expected. This type of cattle operation would involve the financing of calves after weaning from 2 to 6 months and could easily increase credit needs by an additional 15 to 20 percent.

The farmer survey indicated a minimum credit need of $175 million to $190 million from 1975 through 1980, in addition to that provided by an expansion of lending capacity by existing lenders. While we cannot determine the decisions of lenders completely, evidence justifies the opinion that funds for livestock financing will continue short. In 1985, the deficit in meeting livestock producers' needs will reach $485 million to $575 million.

The value of cattle and calves in the eight Southeast States increased more than 109 percent from 1970 to January 1, 1974. Value will decrease and increase depending on price level; however, as numbers increase, the value of cattle and calves is estimated to reach $8 billion to $10 billion in the area by 1985. This means that much greater need for credit will continue to build up as the cattle population expands.

If past patterns of lending continue in the region, a new credit cooperative should be prepared to supply at least $20 million in loan funds before 1980. The projected demand upon a cooperative is estimated to reach $40 million to $42 million by 1985, with most loans concentrated in Alabama, Florida, Georgia, Louisiana, and Mississippi. Projected amounts will not restrict present or future lenders from engaging in competitive lending programs.

On January 1, 1974, the inventory valuation of cattle and calves on farms was $4.5 billion. (The cooperative would not restrict its lending to cattle, but would make loans on other types of livestock.) Accountable loan estimates during the last half of 1973 were less than $990 million. The expected increases in expanded production will probably call for a higher percentage on credit extension than at the present. Some experienced production and marketing people have estimated that 35 percent of all livestock production will need to be financed each year from 1977-80 and more than 40 percent from 1981-85. A large part of this new demand will arise from younger farmers entering the livestock business who will be short of capital.

A series of articles appearing in FEEDSTUFFS magazine in December 1973 pinpoint the need for additional local financing for the cattle industry:

"The number one problem in the cattle business in the South today is financing.

"Southern feeders say they are in a bind because financial houses, plus government agencies, do not look upon their feeding operations in the same manner that lenders do in the West.

"Bankers are still acclimated to row crop farmers. Government agencies have too much red tape and too many bureaucratic decisions as to whether a cattle operator is engaged in agriculture or a business.

"The truth of the matter, cattlemen say, is that a farmer can go to a bank and get funds to plant corn, cotton or even set out pecan trees on a much greater risk program than cattle production."

Borrowings to Finance Cattle Operations

The question on borrowing appeared to be a simple one to answer, but evidently was one of the most confusing to livestock producers, for they indicated only about 25 percent borrowed money to finance their present cattle operations. Then, with no encouragement, an additional number indicated by written notes that they did borrow from different sources to finance cattle.

It would appear from an analysis of individual questionnaires that the larger cattle operators borrowed more often, except for those in Arkansas, where small operators indicated they borrowed more frequently than larger operators. Typically, credit is needed when operators seek to expand their operations, compared with operations whose herds are stable.

Borrowing to finance present operations varied from about 18 percent in Mississippi to 31 percent in Florida.

Sources of Borrowed Capital

We asked, "From what sources did you borrow to finance present cattle operation--local banks, production credit association (PCA), insurance companies, Farmers Home Administration (FmHA), relatives, or friends?" Local banks furnished financing to almost 60 percent of the borrowers, with PCA's supplying about 36 percent; insurance companies, 2 percent; and other sources including FmHA, friends and relatives, feed companies, and Federal land banks supplying the remaining 2 percent. Production credit associations appeared to be more active in Arkansas, Florida, Georgia, and Tennesse than in the other four States. There was no attempt to ascertain size of loans.

Some of the largest cattle operations were financed by relatives and friends. Insurance companies also financed a few of the larger operators. While local banks supplied credit to the greatest number of cattlemen, the size of these cattle operations were also the smallest, except for FmHA loans.

Size of operations of PCA borrowers varied widely, with most of them falling either in a group with livestock as a sideline enterprise or with the total credit line for all farm enterprises financed by PCAs.

Most money borrowed by individual operators to finance cattle operations came from one source. However, more than 35 percent of those borrowing money obtained credit from two or more sources, with local banks and PCAs participating in the loans. More than 10 percent of the cattlemen indicated they obtained credit from as many as four sources. Farms organized as corporations with other business interests reported no borrowings. In these cases, the parent corporation probably furnished funds from its own sources, whether borrowing, stock or other sources.

Evidently, recent changes in Farm Credit Administration legislation and other actions have enabled some borrowers to use money for several purposes. A number of people reported that they used money borrowed from a Federal land bank to finance cattle operations. There was no way to follow through on these replies to determine if a borrower may have purchased a cattle operation along with a land purchase financed by the Federal land bank or simply borrowed enough on the land to finance a cattle business.

Although the questionnaires mailed to livestock producers were designed to discourage write-in comments, several people did elaborate on the question asked about sources of credit. A typical comment was "We do not borrow money to finance cattle, but borrow to finance crop production, land purchases, and other activities." One must conclude from these comments that only a limited number of lenders require that borrowers list cattle as separate collateral for loans.

Problems in Financing Cattle Operations

Less than 10 percent of the cattle producers indicated that they experienced any serious trouble in financing cattle operations on a relatively small scale. The following problems were listed as giving trouble in planned expansion of the cattle business.

(1) Lender requires too much collateral in addition to the cattle,

(2) Lender specializes in crop loans that must be paid off at harvest time,

(3) Lender has little or no experience with cattle loans,

(4) Cattle loans do not cover enough time to establish an economical cow-calf operation,

(5) Local banks have a limit on dollar amount of loans,

(6) Lender doesn't finance beef cattle,

(7) Not able to borrow enough to support an economical cattle operatin unit,

(8) Lenders not willing to take a risk on a borrower going into cattle production for the first time, although the borrower may have been successful in other ventures but has not had the time to build a substantial net worth to finance cattle with his own capital,

(9) Banks insist on total herd collateral when a smaller portion would more than guarantee the loan,

(10) Lenders expect you to use all available resources to finance cattle before they will lend money for purchasing cows or cattle for grazing, leaving no cash available for other operating expenses,

(11) Interest rates higher on livestock than for crop loans,

(12) Cattle loan interest rates too high,

(13) Must purchase stock to become a borrower, evidently referring to PCA requirements,

(14) Lenders insist when and where cattle must be marketed.

(15) Earning power of cattle operation too low on cow and calf herd to interest the lender.

Financing Future Cattle Operations

The question was asked: "Would you expect to borrow money to finance your future cattle operations? Yes____ No____." Although an earlier question did seek to determine if present operations were financed, we hoped to discover the magnitude of credit needed to finance future and expanded cattle operations.

About 25 percent reported that they expected to borrow money to finance future cattle operations. Arkansas and Mississippi cattlemen indicated that only 20 percent plan to borrow money. The figures are difficult to interpret because all trends point to a sizable expansion in livestock production in the southeastern States and more capital would be needed. We believe that the farmer with livestock is thinking about financing a total agricultural operation, which would include land, livestock, and crops instead of a specialized livestock program. Enough capital might possibly be generated from other operations to finance the livestock program.

Amount of Money to Finance Future Cattle Operations

The amount of borrowed money needed in question eight of the questionnaire was broken into seven categories (see app. A). In our final analysis, we reduced these to four: producers needing $25,000 or less; $25,000 to $75,000; $75,000 to $200,000; and those that would require more than $200,000. As expected with the relatively small cow herds, 85 percent of the respondents indicated they would need $25,000 or less; 10 percent would borrow $25,000 to $75,000; 3 percent would borrow $75,000 to $200,000; and 2 percent indicated that they would need more than $200,000. We estimated that the livestock producers requiring more than $25,000 in loans by 1977 will produce about 60 percent of the cattle. This amount is to carry the cattle and does not include land or facilities needed.

Table 3--Value of cattle and calves in selected Southeast States, January 1, 1970-74

State	1970	1971	1972	1973	1974
			1,000 dollars		
Alabama	263,655	295,950	338,250	432,960	571,200
Arkansas	261,725	285,920	357,235	446,160	556,400
Florida	292,320	307,560	383,400	559,250	759,450
Georgia	264,460	310,310	336,930	422,710	557,295
Louisiana	238,700	281,325	319,680	396,675	471,150
Mississippi	373,050	405,920	406,350	543,375	678,600
S. Carolina	93,090	99,150	102,880	135,710	167,500
Tennessee	369,280	400,180	457,320	579,600	753,200
Total, 8 States	2,156,280	2,386,315	2,702,045	3,516,440	4,514,795
Total U.S.	20,170,700	21,130,460	24,519,645	30,691,129	40,905,700

Source: (2) in Reference Material

Florida and Georgia respondents had the largest needs for more than $200,000. Twelve percent of Florida cattlemen planned to borrow more than $200,000. Florida was also the only State indicating that 75 percent of the borrowings would be larger than $25,000. Alabama cattlemen said that 21 percent would need more than $25,000, with the majority falling in the $25,000 to $75,000 range. Slightly more than 19 percent of Georgia producers fell within the $25,000 to $75,000 range, with 6 percent needing more than $200,000.

Several individuals who failed to fill in the amounts of money they would need to borrow in 1974-75 or 1980 stated that at present their borrowings exceeded $100,000. If this holds true for extrapolated data for the universe, a substantial number of producers are already borrowing larger amounts to finance their operations than they reported on the questionnaires. The sample of large growers indicated that their needs would be greater for amounts of more than $100,000 and $200,000 than the expansion factors for the total universe showed.

The following States are shown with the percentage of large cattlemen (more than 250 cows) needing more than $100,000: Alabama, 16; Arkansas, none; Florida, 20; Georgia, 22; and Mississippi, 32. These results were expected as the sample used included the majority of large cattlemen. This group usually operates on borrowed capital.

Sources of Credit

The basic economy of the Southeast has depended on extension of agricultural credit since the beginning of farming in that region. It has been only in recent years that there has been a variety of lending sources for farmers. With emphasis on specialized crop production in the early days and poultry and crops for about 30 years, animals of the red meat variety have not received as much attention as others. Large lending institutions supply most of the money to the integrated poultry industry, while loans for livestock production are fragmented among several lenders.

Starting in the 1950's, livestock production has been given more importance as a cash income source, until today it requires a large amount of capital for longer periods of time than crops and poultry. Much of the livestock growth has developed as a sideline business and has not required substantial loans from traditional financial institutions. It has grown from the savings accumulated by small operators, usually part-time farmers or those with full-time jobs in industry who like to raise a few animals. This type of operation requires less borrowed capital than a livestock venture expected to be a major income producer. Only with the trend to larger numbers of animals has the need arisen to find additional sources for greater financing.

The eight States considered in this study have a number of sources that could and do make livestock loans if they desire to supply money for this purpose.

There are 90 production credit associations with 290 branch offices (see appendix D) in the eight States. Many PCA branch offices operate only 1 day each week; however, each main office is near enough to producers to make loans to most livestock growers at any time. PCA's supply a full line of credit for farm production of both crops and livestock. In this region, major loans are on crops, with livestock producers receiving encouragement to better utilize crop residues, help promote a more stable economy, and not be totally dependent on a single source of income. Estimated PCA loans outstanding on cattle for the eight-State area in September 1973 was $400 million.

Of the 2,357 insured commercial banks listed in the eight-State study group, 84 percent were involved in making non-real estate agricultural loans in 1973. We have assumed that practically all banks that are making production loans also service livestock growers with an estimated amount of $350 million lent on cattle on July 1, 1973.[3/]

However, many banks have found that they can receive higher returns on non-agricultural loans, making it more difficult for agriculture to secure money at competitive rates. Country or local banks are actively engaged in lending to farmers at the present. We found these institutions had no set policy in making livestock loans on an area wide basis. The determination for completing loans varies widely even among banks in a local region, making it somewhat frustrating to those seeking money for livestock expansion.

The most serious complaints that livestock growers voiced about obtaining loans from local banks is that the livestock is not usually accepted as full collateral. Some smaller banks are restricted on the amount that can be lent to an individual, but this problem is being overcome through participation with correspondent banking institutions where the amount of loan is less restricted. It appears that both small and large livestock producers are able to borrow from the local banking institutions if they have sufficient collateral or have a successful operating history.

A number of people in the process of rapid expansion of livestock and those wishing to engage in extended feeding operations report more difficulty in obtaining loans needed to develop economical production units. Lenders will take little risk in considering or granting livestock financing in most areas.

Farmers Home Administration finances the purchase of livestock as well as other production activities in all eight Southeastern States. The total loan outstanding at the end of fiscal year 1973 was about $20.3 million, with more than 56 percent of the loans made to borrowers in Arkansas and Mississippi. These loans probably would not interest the proposed credit association because of their small size and the close supervision required; however, as these producers grow in size, they will accumulate management knowhow for their livestock enterprises. They could be potential borrowers at a later time if their

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3/ Based on data from Agricultural Credit Report, The American Bankers Association.

requirements exceeded the FmHA limitations on amounts that could be loaned under their authorization.

There are four other cooperative financial institutions with discount privileges with the Federal intermediate credit banks in the eight States; only one is lending money to livestock producers. The Staple Discount Corporation, associated with Staple Cotton Cooperative, Greenwood, Miss., extends credit to its members to finance cow-calf herds and cattle grazing. In 1973, the amount lent for cattle was slightly more than $2 million.

It is impossible to make any detailed estimates of the amount of capital supplied to cattle producers by insurance companies and relatives and friends. At least two large insurance companies have made substantial loans to finance livestock producers in the Southeast for an extended length of time and have experience in this field.

The results of the farmer questionnaires showed that an unusually large amount of capital to finance livestock was furnished by friends and relatives. This source does not appear to have funds to lend for a big expansion of the cattle business in the Southeast. However, these loans can no doubt help many small operators get started in an expansion program.

Other sources of credit for this region may be used soon. Some people unrelated to the cattle industry are interested in furnishing money for cattle expansion. The so-called "Wall Street" money limited partnerships, etc., is financing cattle in feedlots and cow herds on ranches and farms in other areas. Large integrated groups engaged in cattle feeding business may bring in money to finance more calf production to supply their feeding operations in other regions. Even feed companies can and do occasionally supply credit to livestock producers. This type of credit extension could expand if it becomes necessary to assist in maintaining the feed business.

All the above sources might supply capital needs for cattle expansion if they show a willingness to put their money into livestock production. It is not expected that this decision will be made, as competition for capital will increase from nonagricultural uses and absorb available capital at higher rates than farmers can afford to pay.

PART II -- PROPOSAL FOR LIVESTOCK CREDIT CORPORATION

Expansion of livestock production in the Southeast will require more financing than that provided at the present. Who will furnish the additional money to support an expanded industry is not evident. It must be assumed that existing financial institutions and other lending agencies could finance the livestock expansion if they were willing to do so. However, the amount of money needed may be of the magnitude that competition from other businesses could cut livestock requirements short. Only a small part would come from a specialized cooperative.

Thus, establishment of a credit corporation to serve as a subsidiary of the existing marketing cooperative, Mississippi Livestock Producers Association, can be justified for the following reasons: (1) Need for more money to finance the livestock industry has been established; (2) MLPA at Jackson, Mississippi, has been marketing livestock originating in several of the adjacent States for many years; a sister marketing cooperative serves Tennessee, but neither provides a credit service to its cooperative membership; (3) other cooperatives that provide a credit service to producers have proved successful in increasing volume of livestock marketed; (4) livestock marketing is highly fragmented in the Southeast and needs a strong expanding cooperative that will provide a wider range of services to livestock producers; (5) it appears more logical to expand the services of an existing cooperative, MLPA, than to encourage formation of a new organization -- MLPA's Order Buying Co., another subsidiary, has sold cattle for farmers and ranchers in Arkansas, Florida, Georgia, and South Carolina; (6) Mississippi Livestock Producers Association (MLPA) has provided a market for all types of livestock from Mississippi, Louisiana, and Alabama for almost 20 years and is an established market outlet. Its contacts with both buyers and sellers will enable this cooperative to add a new service with relative ease and require less organizational work than formation of a new cooperative. Then too the MLPA is affiliated with NLSPA that has other member agencies with credit corporations providing credit on a successful basis. Thus, precedent and experience provide specific guidance for MLPA.

Benefits to Marketing Cooperative

The fact that a marketing cooperative already exists will make it easier to establish a credit cooperative; there will be a mutual benefit between the two.

A specialized livestock credit subsidiary of the Mississippi Livestock Producers Association can benefit the marketing cooperative in the following ways:

1. Provide more contacts with growers and feeders. Normally, the marketing cooperative will make contact with a member or a potential member only when animals are available for sale. A credit cooperative organization will check periodically on the status of the livestock to protect its capital investment, as well as help the farmer.

2. Provide opportunity to secure greater membership because people support their credit source. The old expression that you don't make your banker mad applies and gives a new service provided by the cooperative.

3. Increase the volume of livestock marketed by MLPA. Credit is another service that ties the participant to the marketing cooperative; if money is lent on livestock it is more likely to be sold at the source. This adds to the services that a member expects and builds loyalty to the organization. A requirement of the credit association should be that all livestock under loan should be sold by the marketing cooperative.

4. The extension of credit will help MLPA add patrons outside its present marketing territory. Market areas served can be expanded along with credit services as more people can be reached, because credit would be a definite request for a new service. Solicitation of livestock to move through a market point often requires several visits before farmers will use the marketing services, but credit checks will keep the producer aware of the marketing services.

5. Assist in keeping production under control of a cooperative organization. The MLPA can provide guidelines that will enable the livestock grower to enhance his bargaining power by working with other cooperative members within the marketing area and with other cooperatives throughout the Nation.

Benefits to the Livestock Producer

The major benefit to the livestock producer is that the credit is tailored to his livestock production plans by a specialist and it would be adequate for his needs. A credit specialist in livestock production can be provided who will devote all of his efforts to counseling on amount and terms of credit as it pertains to livestock. Other benefits are:

1. It will have market outlets for livestock each day of the year. These outlets have been developed and nurtured by MLPA over a number of years. Most livestock business is conducted on a personal basis by parties that have mutual trust in each other and often have had successful business transactions with each other for several years. MLPA has marketing experience.

2. The marketing agency will work with the credit corporation as a team that can give production, financial, and marketing information to a user at one time and constitute a single information source, as well as lender.

3. Contacts with other specialized livestock credit and marketing cooperatives will assist in developing sources of seed stock for new and expanding livestock units.

4. Farmers will be dealing with an organization that devotes all its time to assisting livestock producers improve production and marketing of their products. This type of service will improve growers' returns.

5. The cooperative will provide coordinated services with decisions made at a single location.

6. The cooperative can draw on experience of existing livestock credit cooperatives extending from Ohio to California.

7. The cooperative will provide another competitive source of credit at competitive interest rates.

Organizational Procedure

We suggest that the MLPA board of directors decide whether they wish to add the credit service or not. If the board agrees to add this subsidiary then the following steps should be instituted: (1) have a legal adviser draw up organizational papers; (2) make all necessary arrangements and commitments with the Federal Intermediate Credit Bank of New Orleans to obtain discount privileges from that institution; (3) have the credit organization authorized to operate in the States desired; (4) determine the amount of stock to sell in each State or district (as shown in fig. 2); (5) determine the method of selling stock; and (6) determine the date to start lending money to livestock producers.

Authorized Capitalization

We recommend that the proposed corporation be authorized to issue capital stock in the amount of at least $2.5 million at the time it is chartered. While this amount is large compared with some existing livestock credit corporations in other parts of the United States, the Southeast Producers Livestock Credit Corporation should be operating in five or more States within 3 years after the startup period. This proposed authorized capitalization would permit the association to reach a lending capability with the potential of rendering complete service to the Southeastern region and place it on a sound economic basis at any early date.

Because it has been estimated that a new credit corporation would need to make, at a minimum, $5 million in loans annually to carry the overhead and operating expenses, the high capitalization is justified during the startup period. It would, also, be less expensive to begin with $2.5 million worth of authorized capital than to increase it later.

The suggested capitalization, if the sale of all the stock is made, will enable the organization to reach a loan volume of $17 million to $18 million within a relatively short period of time.

Financing

The Mississippi Livestock Producers Association will organize and operate the credit corporation as a subsidiary.

The credit corporation will need to be financed through the sale of stock according to the statutes regulating the sale of stock within the service area of the cooperative. Legal advice will be necessary to determine that proper procedures are followed in each State. A summary review of State laws in the Southeast uncovered no apparent difficulty in making sales of stock to finance this type of cooperative.

It is suggested that all voting stock be owned by MLPA and the National Live Stock Producers Association, Chicago, Ill., through its subsidiary, National Feeder and Finance Corporation. Each of these cooperatives should furnish $250,000 of the money to purchase common stock. This accounts for 20 percent of the recommended capitalization and is to be provided to maintain control of the credit subsidiary by the cooperative market groups.

Then it becomes necessary to develop an active stock sales program within the proposed service area. There is no need to make any allotments by States within the Southeast, because it is assumed that Mississippi livestock growers and others adjacent to this State would purchase the bulk of the stock, with the headquarters of the credit cooperative at Jackson, Miss. As the service area is expanded into other districts, stock can be sold to livestock growers there.

The amount of stock to be sold depends on the decision reached by the board of directors and management. This figure will be one that will produce an economical operating unit. Our study indicates that the credit corporation would need to lend about $5 million annually to reach a break-even point lending funds for 1 1/2 percent more than the discount rate. This means that $1 million capital must become available as rapidly as possible. The sale of stock is the only method available at present for raising capital needs.

All stock sales should remain open to provide capital as needed or until the total authorized capitalization has been reached.

Estimated Income and Expenses

Unknowns are many in preparing an estimated budget of income and expenses for a new credit operation. In getting the Southeast credit corporation set up, organized, and operating, it is expected that the parent association, Mississippi Livestock Producers Association, will absorb a large share of the expenses of organization and stock sales.

The lowest estimates of expenses and income are made on a basis of $3 million in loans and a margin of 1 percent on loans discounted with the Federal intermediate credit bank. Expenses have been cut to a minimum and would be expected to hold within the range of $70,000 annually for the first 2 years

of operation. At the basis of $3 million in loans, the loss would be $40,000 the first year. As the margin is increased over the cost of money discounted, the losses would be reduced as follows: Interest rate 1.25% - $32,500; 1.50% - $25,000; and 1.75% - $17,500. See appendix B for example of pro forma income and expense statement.

The losses as shown above makes it imperative to push the volume up rapidly or to start with a minimum of $5 million the first year. On the basis of $6 million in loans the second year, there would be a small profit at the 1 and 1 1/4 percent interest margins and about $30,000 profit at 1 1/2 percent.

Third year operations, projected at increasing loan volume to $8 million at 1 1/2 percent margin, should enable the proposed credit corporation to meet all expenses and pay dividends to stockholders. Deferred dividends would also need to be paid within this period. Projections for this period appear realistic in that the cooperative would have developed contacts.

If a partial dividend was paid from the beginning of operations -- for example 4 percent on outstanding stock -- losses would be increased in proportion to amount of stock outstanding.

It would probably be wise to defer dividend payments until all other expenses are substantially less than the income derived from interest. An accumulation of dividends is often difficult to pay unless extremely high earnings accrue at a later date.

Projections for a successful credit association operation are based on making a minimum of $12 million in loans within 5 years. This volume would permit expansion of service to all of the suggested districts of the Southeast and would build up a reserve in both the local cooperative and the legal reserve funds of the Federal intermediate credit bank. There appears to be no reason for not building loan volume larger than $12 million.

Need for Rapid Growth

Rapid growth is needed for the following reasons: (1) The credit subsidiary must be placed on a self-supporting basis because margins from marketing activities do not generate the capital to subsidize a credit corporation over a lengthy period, (2) stockholders will expect to earn dividends on their stock, (3) as livestock expansion takes place, the credit corporation must have sufficient funds to lend to producers, (4) credit extended to a substantial number of farmers will enable the parent marketing cooperative to gain both volume and increased bargaining power in selling livestock, (5) ability to expand credit services outside the incorporating district depends on having sufficient lending funds and, in turn, earning more margins than the cost of capital to serve borrowers and pay necessary operating costs, (6) assistance from the parent cooperative for organizational purposes is not to be extended beyond a 2-year period.

The most important need is to put the cooperative credit corporation on a self-sufficient basis, but the need for both the credit cooperative and the marketing cooperative to expand in the present operating territory, plus expansion into new areas, demands the top cooperation of the two groups.

Districts According to Livestock Numbers

Assuming that headquarters will be located near or at Jackson, Miss., the primary or No. 1 district should include all of Mississippi, that part of Louisiana west of Mississippi extending from Bastrop in a line south to Lafayette, and all the part of southeastern Louisiana extending to Covington and Hammond; that part of Arkansas along the eastern edge up to the Marianna area; that part of western Tennessee west of the Tennessee River to the north edge of Tennessee; that part of west central Alabama bounded on the north at Millport and on the east at Selma and all the remaining area west of the Alabama River, south-southwest of Selma to the Gulf of Mexico (fig. 2). District No. 2 should include all of Alabama east of Selma to the Georgia border, south to include all the area of Alabama and Florida, west of the Applachicola and Chattahoochee Rivers, and north to the south edge of the Tennessee River. District No. 3 should include all of Tennessee east of the Tennessee River to the eastern border; and that part of Alabama north of the Tennessee River. District No. 4 should include all of Georgia and South Carolina and that part of Florida east and south of the Applachicola River. District No. 5 should include all of Arkansas and Louisiana not specified in District No. 1.

District No. 1 will begin the organization of the livestock credit corporation and remain the headquarters as far as overall operations are concerned. The proposed organization should operate branches from centralized points in relation to livestock concentration in the remaining districts. As the number of loans increases at greater distances from Jackson, definite cities can be selected to establish branch offices with managers to make and supervise loans. Large loans could possibly be handled at Jackson, Miss., before the other district branch offices are operational.

It is suggested that District No. 2 be organized and manned as a branch of the Jackson headquarters as soon as possible. This district has a substantial number of cattle in a concentrated region.

Districts Nos. 3 and 4 should closely follow the activation of District No. 2. A number of large cattle growers are found in these two districts. It appears feasible to service them from locations in south-central Georgia and middle Tennessee.

District No. 5 presents more of a challenge than the other four. It can be serviced from a central location in northern Louisiana or southern Arkansas. However, the mileage to the far southwest of Louisiana and northwest of Arkansas may involve more travel than in some of the other proposed districts.

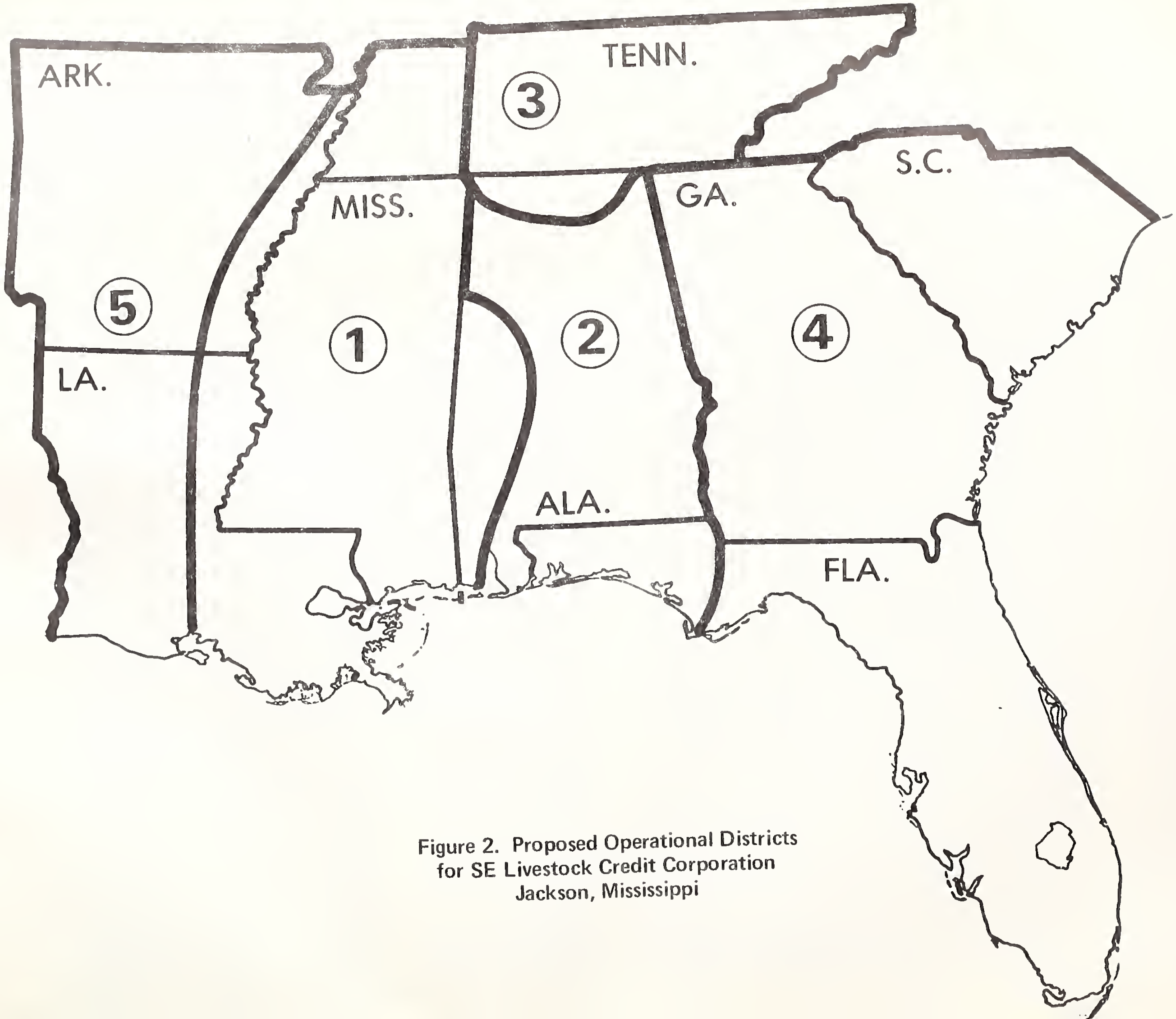


Figure 2. Proposed Operational Districts
for SE Livestock Credit Corporation
Jackson, Mississippi

An alternative solution to dividing the southeast region considered in this study into a 5th district is to include Arkansas with the No. 1 district with service being provided from the Jackson, Miss., office until such time that loan volume would require more supervision.

The number of full-time employees at the start would be two, but with all five districts operational, the number of employees would probably increase to eight or nine within 5 years.

Manpower requirements would not increase in direct ratio to the larger amount of money loaned. All of the branches would have at least one full-time employee; however, it is expected that part-time credit and marketing employees could handle credit applications and inspections, plus automatic data processing and mechanical recordkeeping, and reporting would become more economical as volume increased. See appendix C for miles from Jackson, Miss., to other cities in the Southeast.

APPENDIX

OMB Number 40-S73032
Approval Expires 10-31-73

APPENDIX A. SURVEY OF CREDIT NEEDS OF CATTLE PRODUCERS

Dear Sir:

Ample credit is vitally important for expansion of the livestock industry in the South. Your answers to the questions below will help the Department of Agriculture determine the nature and amount of credit a cattleman will need in future years. By comparing the need with present sources, ways to meet future credit requirements for continued expansion of cattle production can be recommended.

Please return this questionnaire promptly in the enclosed postage-free envelope, even though you may not have any livestock on hand now. Your individual report will be kept strictly confidential.

Sincerely,

State Statistician

---

1. What kind of livestock operation do you have? (check as many as apply).

☐	Cow-Calf	☐	Feeder pig
☐	Cattle feeder	☐	Hog feeder

2. How many of the following kinds of breeder stock did you or do you expect to have on the following dates?

	a. Number on hand:	b. Number you expect to have on hand June 1 of the following years:		
	June 1, 1973	1974	1975	1980
	--Number----	------Number--------		
Beef cows and heifers for beef cow replacement.........	______	______		
Milk cows and heifers for milk cow replacement.........	______	______		
Sows and gilts for breeding...	______	______		

3. How many of the following kinds of livestock did you or do you expect to market during the following years?

	a. Number you marketed during:		b. Number you expect to market during:		
	1972	1973	1974	1975	1980
	Number	----------Number----------			
Calves........................	_____	_____	_____	_____	_____
Feeder cattle.................	_____	_____	_____	_____	_____
Slaughter cattle..............	_____	_____	_____	_____	_____
Feeder pigs...................	_____	_____	_____	_____	_____
Slaughter hogs................	_____	_____	_____	_____	_____

The following questions refer only to your cattle operations? (Check one.)

4. Did you borrow money to finance your present cattle operations?

Yes ☐ No ☐

5. If yes in item 4, from what sources did you borrow? (Check as many as apply

☐ Local Banks

☐ Production Credit Association

☐ Insurance Companies

☐ Farmers Home Administration

☐ Relatives or friends

☐ Other (Specify)_______________________

6. Have you had any problems in obtaining money to finance your cattle operation? (Check one.)

Yes ☐ No ☐

If yes, what type of problems?

____

____

____

7. Would you expect to borrow money to finance your future cattle operations? (check one.)

Yes ☐ No ☐

8. If yes in item 7, please check the amount of borrowed money needed in each of the following years:

	1974	1975	1980
Less thant $10,000.............	☐	☐	☐
$10,000 - $25,000..............	☐	☐	☐
$25,000 - $50,000..............	☐	☐	☐
$50,000 - $75,000..............	☐	☐	☐
$75,000 - $100,000.............	☐	☐	☐
$100,000 - $200,000............	☐	☐	☐
$200,000 or more...............	☐	☐	☐

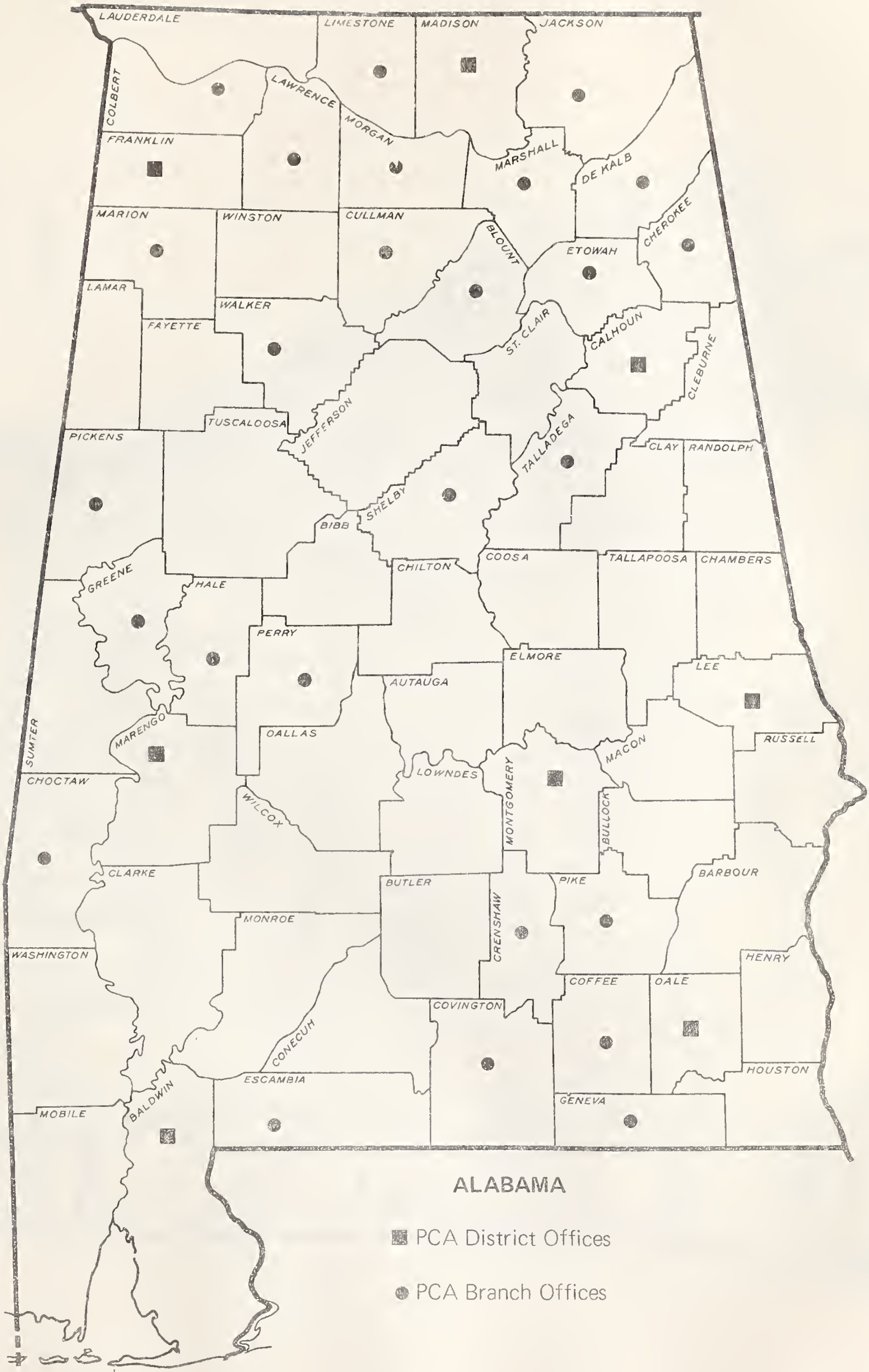
APPENDIX B. PRO FORMA INCOME AND EXPENSE STATEMENT

Income	
Interest margin based on:	
1.5 percent @ $5,000,000 loans	$75,000
1.5 percent @ $6,000,000 loans	90,000
Operating Expenses	
Salaries	35,000
Retirement premiums	1,400
Taxes-payroll & qualification	1,500
Auto expense	5,250
Travel expense (other than Co. Auto)	4,000
Directors' fees & expenses	1,500
Rent & electricity	3,500
Stationery & supplies	2,000
Postage	1,000
Telephone	2,500
Advertising	1,500
Audit & legal	3,500
Insurance-regular & health	1,500
Loan service expense	850
Equipment rental	2,000
Sundry expense	1,500
Total expenses	$68,500
Total undivided profit:	
Based on $5 million loans	6,500
Based on $6 million loans	21,500

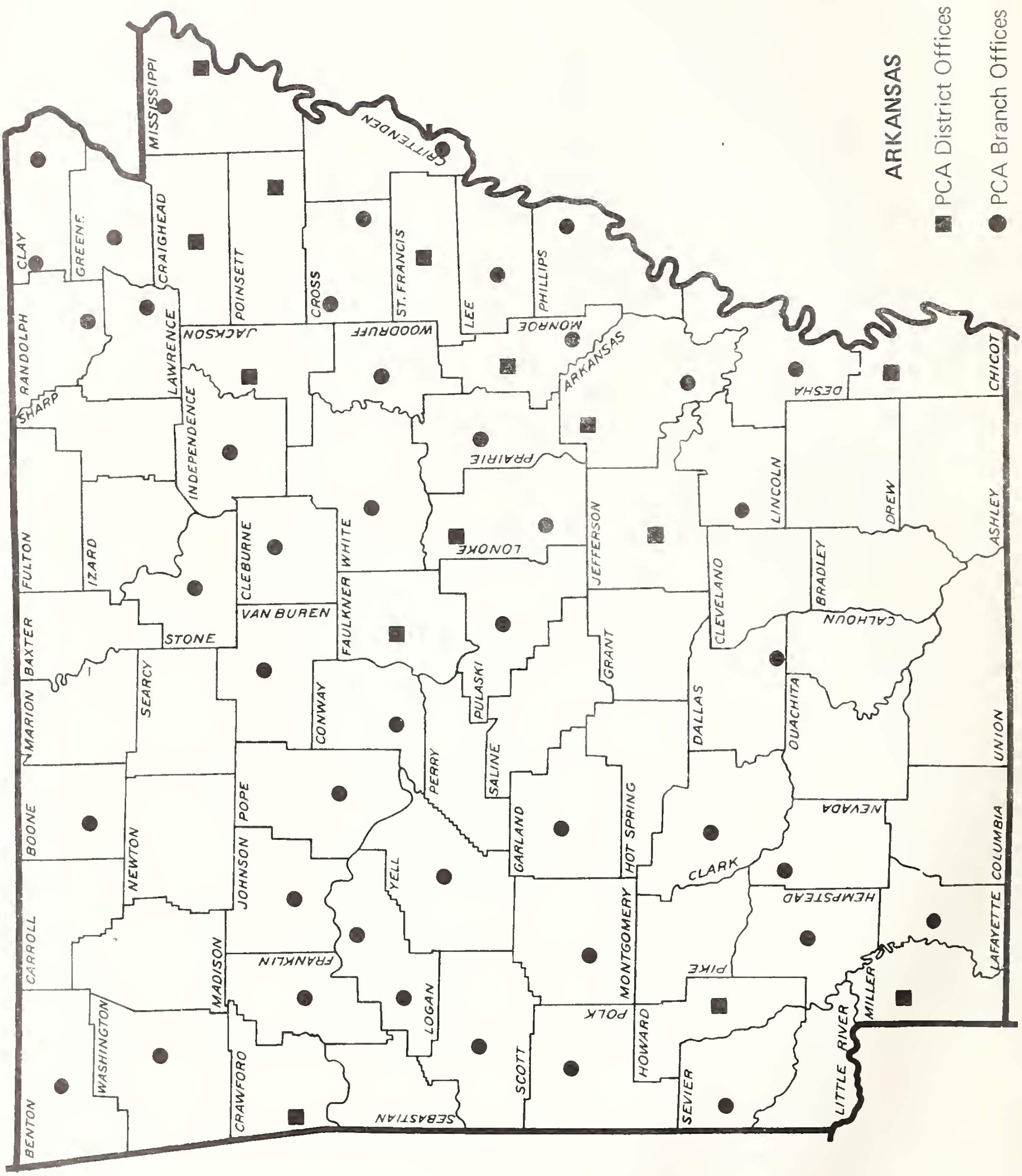
APPENDIX C. MILEAGE FROM JACKSON, MISS., TO POINTS IN PROPOSED SERVICE AREA

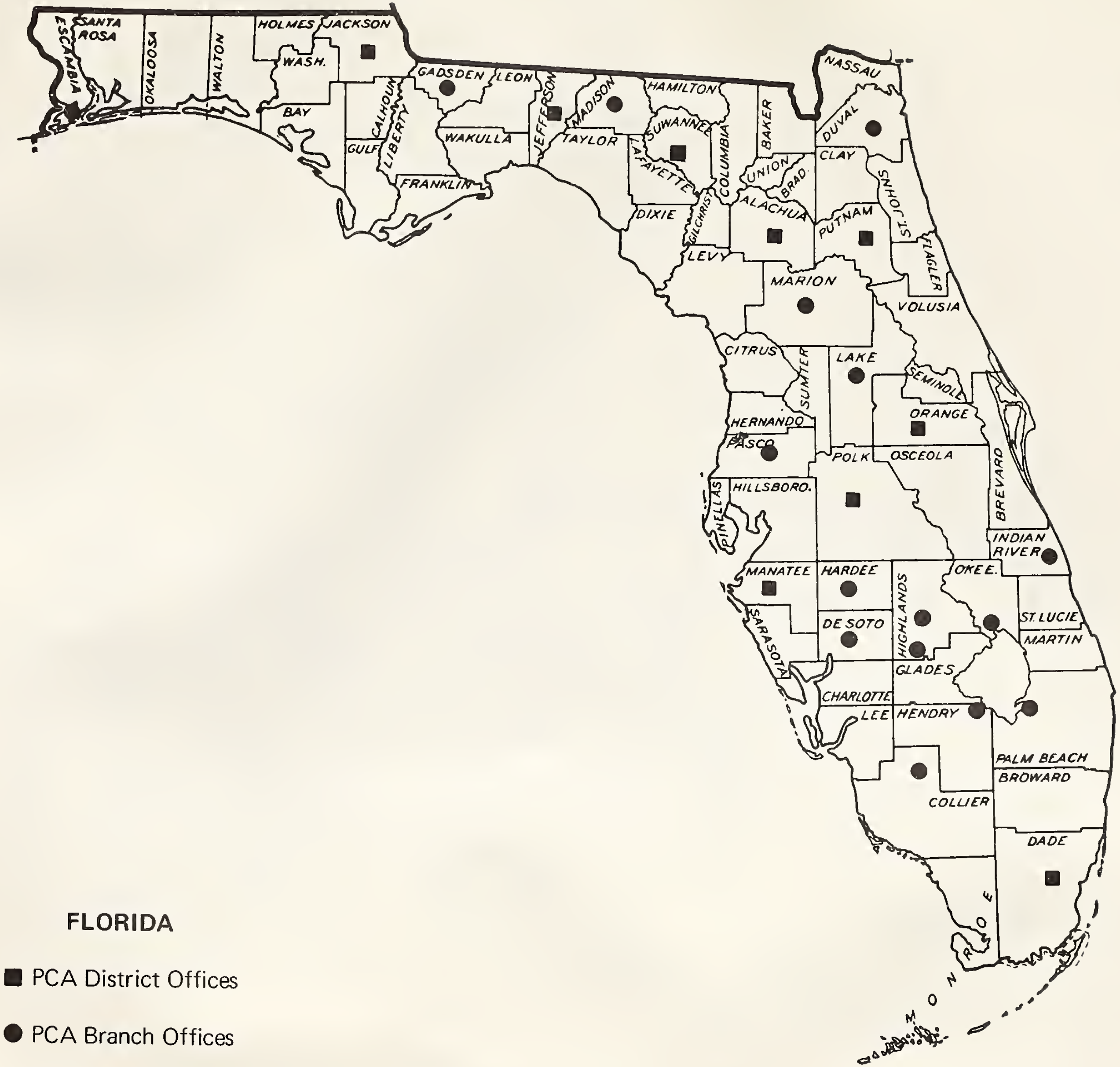
States & Cities	Mileage
Arkansas	
Marianna	250
Rogers	463
Texarkana	276
Paragould	294
Alabama	
Montgomery	247
Dothan	339
Atmore	200
Selma	198
Huntsville	317
Florida	
Tallahassee	428
Live Oak	518
Ocala	598
Clewiston	725
Georgia	
Albany	401
Macon	428
Valdosta	473
Waynesboro	520
Louisiana	
Lake Charles	272
Shreveport	221
Monroe	121
Baton Rouge	157
Alexandria	174
South Carolina	
Spartanburg	564
Greenwood	546
Aiken	566
Tennessee	
Jackson	272
Union City	325
Paris	332
Springfield	411
Murfreesboro	384
Cookesville	445
Johnson City	600

APPENDIX D. LOCATION OF PRODUCTION CREDIT ASSOCIATION DISTRICT AND BRANCH OFFICES


LAUDERDALE
LIMESTONE
MADISON
JACKSON
COLBERT
LAWRENCE
MORGAN
FRANKLIN
MARSHALL
DE KALB
MARION
WINSTON
CULLMAN
BLOUNT
CHEROKEE
ETOWAH
LAMAR
WALKER
FAYETTE
ST. CLAIR
CALHOUN
CLEBURNE
TUSCALOOSA
JEFFERSON
PICKENS
TALLADEGA
CLAY
RANDOLPH
SHELBY
BIBB
CHILTON
COOSA
TALLAPOOSA
CHAMBERS
GREENE
HALE
PERRY
ELMORE
LEE
AUTAUGA
SUMTER
MARENGO
DALLAS
RUSSELL
MACON
CHOCTAW
LOWNDES
MONTGOMERY
BULLOCK
WILCOX
CLARKE
BUTLER
PIKE
BARBOUR
MONROE
CRENSHAW
WASHINGTON
HENRY
COFFEE
DALE
COVINGTON
CONECUH
HOUSTON
ESCAMBIA
GENEVA
MOBILE
BALDWIN
PCA District Offices
PCA Branch Offices

ALABAMA


ARKANSAS
PCA District Offices
PCA Branch Offices
MISSISSIPPI
CRITTENDEN
CLAY
GREENE
CRAIGHEAD
POINSETT
CROSS
ST. FRANCIS
LEE
PHILLIPS
RANDOLPH
LAWRENCE
JACKSON
WOODRUFF
MONROE
ARKANSAS
DESHA
CHICOT
SHARP
INDEPENDENCE
PRAIRIE
LINCOLN
DREW
ASHLEY
FULTON
IZARD
CLEBURNE
WHITE
LONOKE
JEFFERSON
CLEVELAND
BRADLEY
BAXTER
STONE
VAN BUREN
FAULKNER
PULASKI
GRANT
CALHOUN
MARION
SEARCY
CONWAY
PERRY
SALINE
DALLAS
OUACHITA
UNION
BOONE
NEWTON
POPE
JOHNSON
YELL
GARLAND
HOT SPRING
CLARK
NEVADA
COLUMBIA
CARROLL
MADISON
FRANKLIN
LOGAN
MONTGOMERY
PIKE
HEMPSTEAD
LAFAYETTE
BENTON
WASHINGTON
CRAWFORD
SEBASTIAN
SCOTT
POLK
HOWARD
SEVIER
LITTLE RIVER
MILLER



FLORIDA

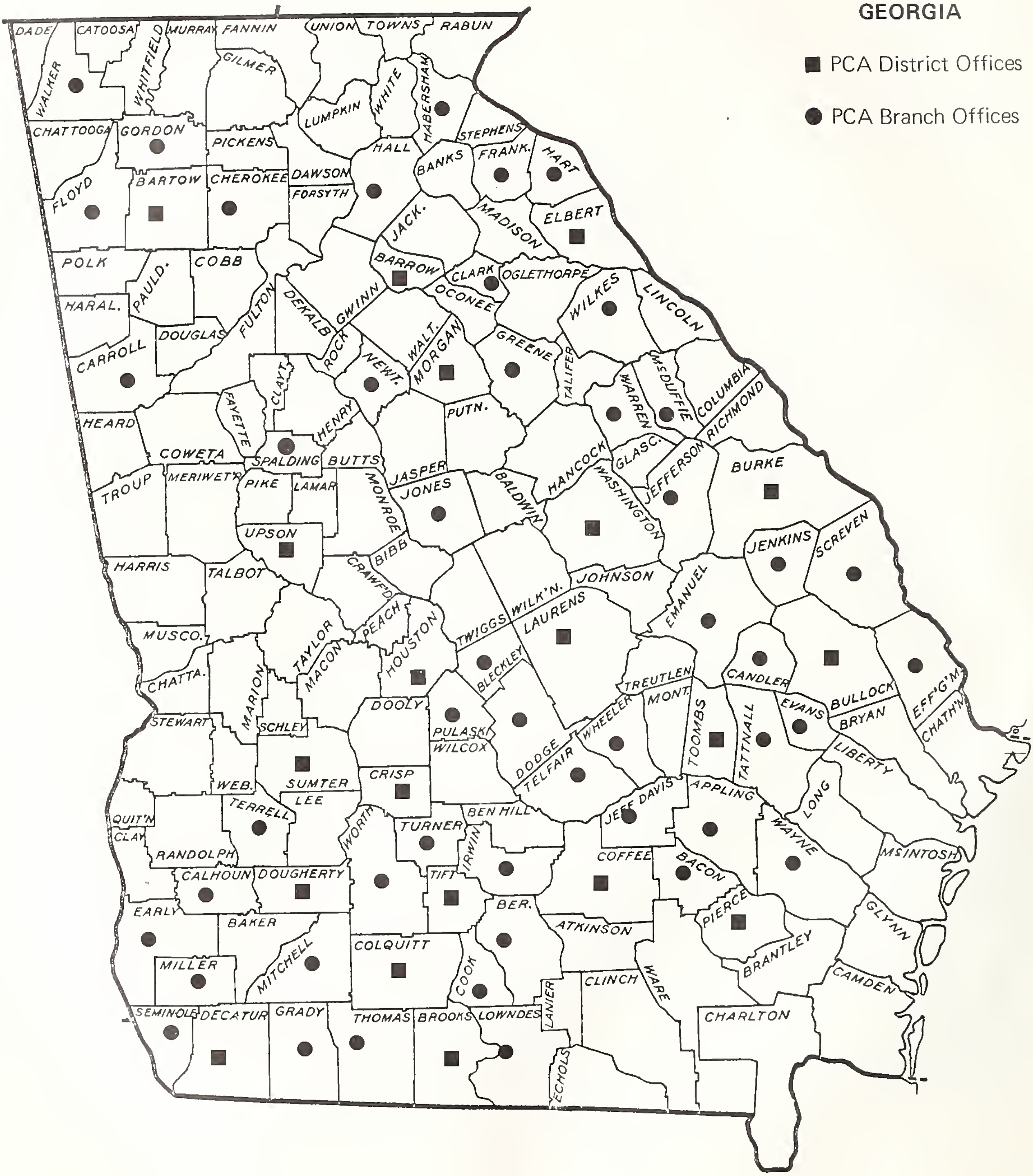
■ PCA District Offices

● PCA Branch Offices

GEORGIA

■ PCA District Offices

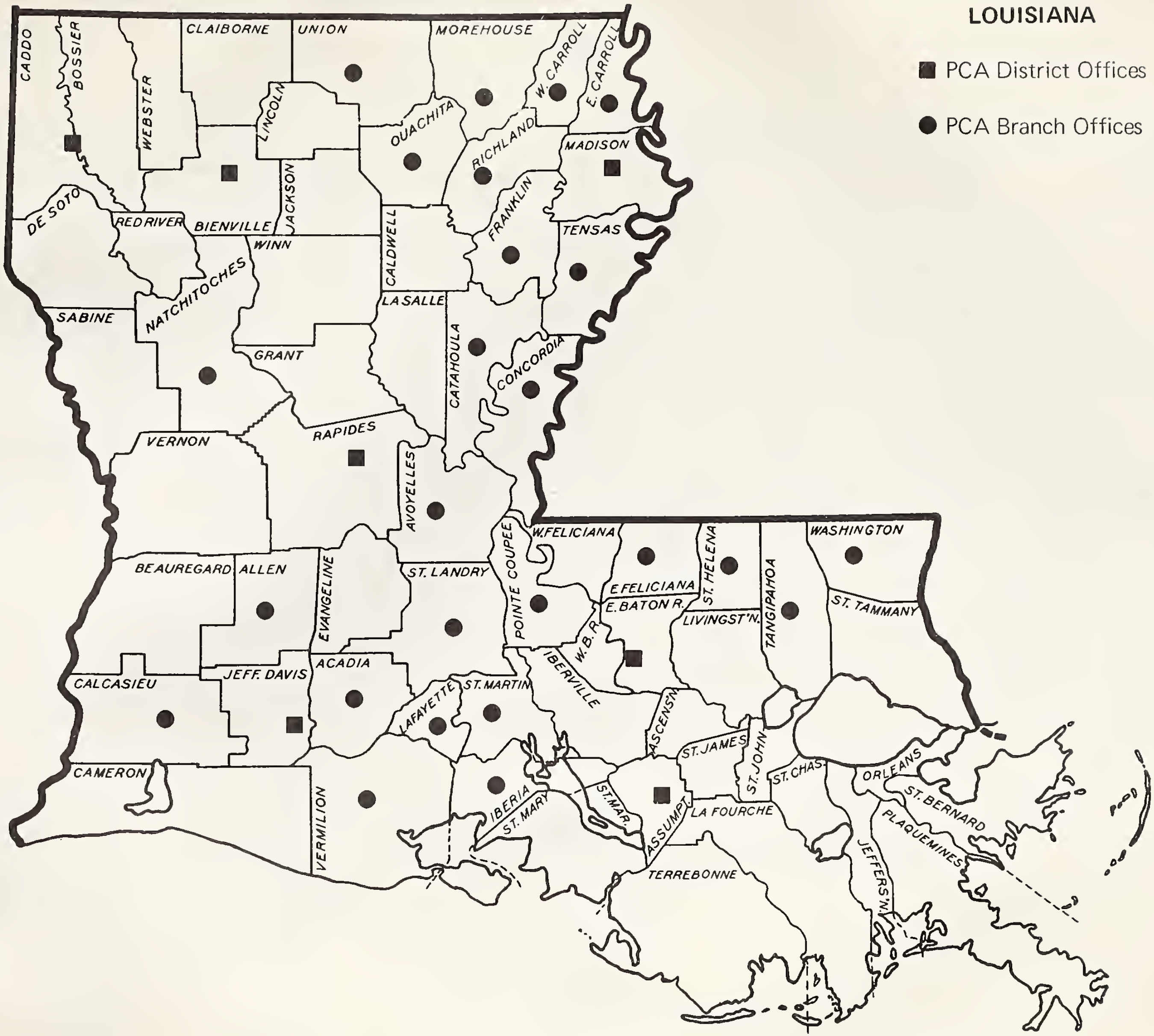
● PCA Branch Offices

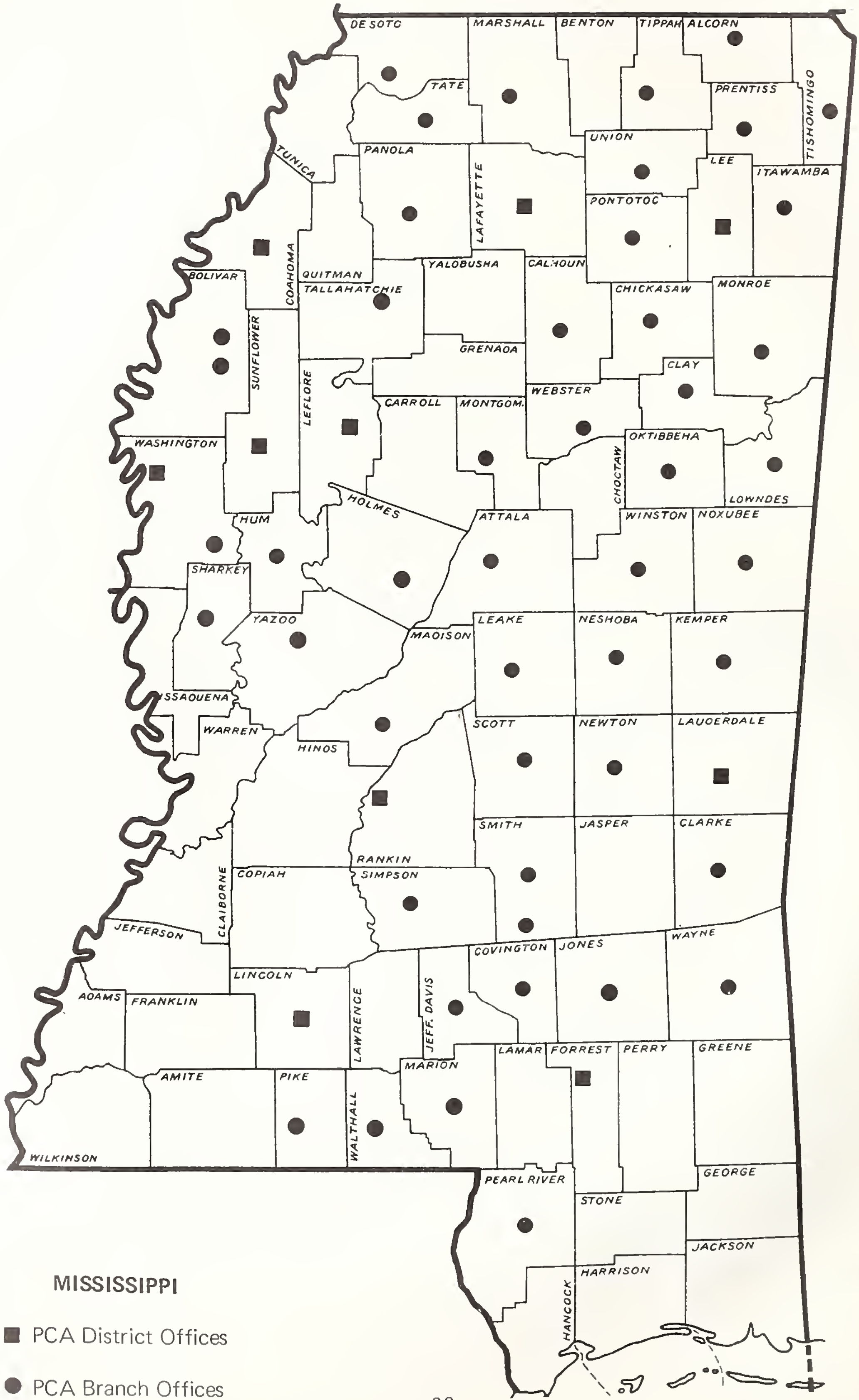


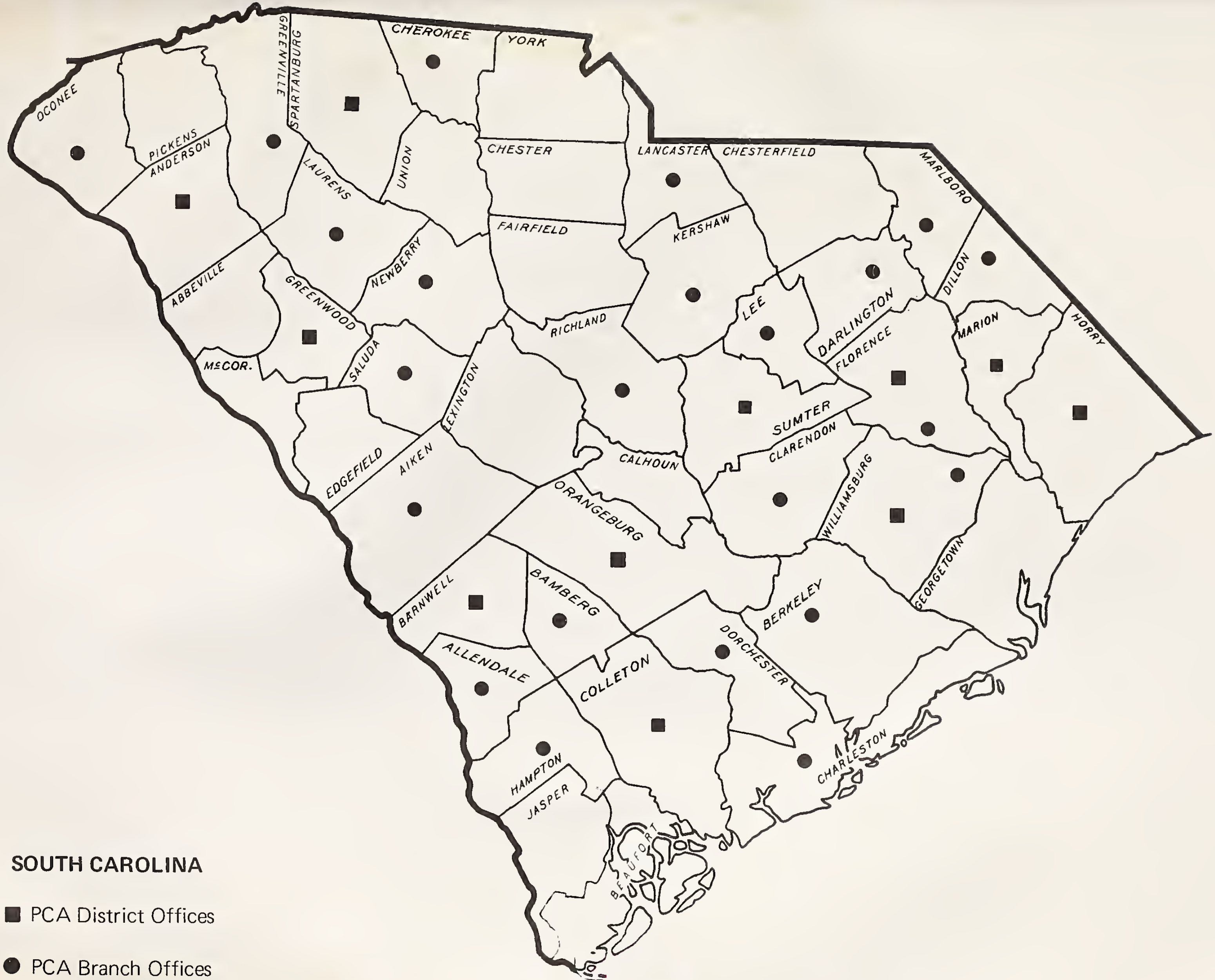
LOUISIANA

■ PCA District Offices

● PCA Branch Offices



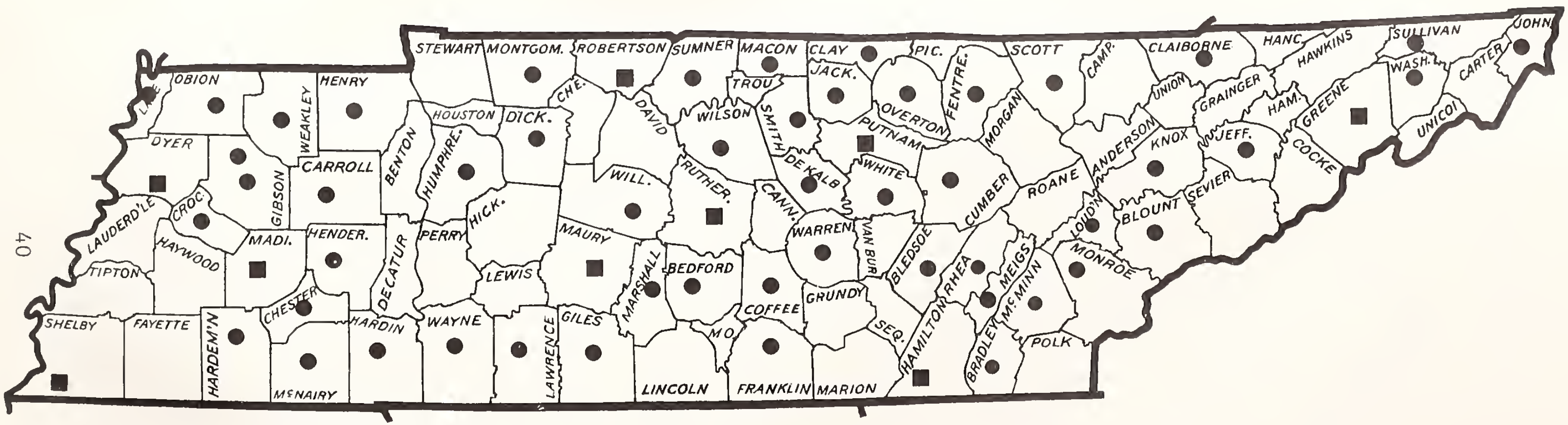

DE SOTO
MARSHALL
BENTON
TIPPAH
ALCORN
TATE
PRENTISS
TISHOMINGO
UNION
TUNICA
PANOLA
LEE
ITAWAMBA
LAFAYETTE
PONTOTOC
COAHOMA
QUITMAN
YALOBUSHA
CALHOUN
BOLIVAR
TALLAHATCHIE
CHICKASAW
MONROE
SUNFLOWER
GRENAOA
LEFLORE
CLAY
CARROLL
MONTGOM.
WEBSTER
WASHINGTON
OKTIBBEHA
CHOCTAW
HOLMES
LOWNDES
HUM
ATTALA
WINSTON
NOXUBEE
SHARKEY
YAZOO
LEAKE
NESHOBA
KEMPER
MAOISON
SSAQUENA
WARREN
SCOTT
NEWTON
LAUOERDALE
HINOS
SMITH
JASPER
CLARKE
RANKIN
COPIAH
SIMPSON
CLAIBORNE
JEFFERSON
COVINGTON
JONES
WAYNE
LINCOLN
AOAMS
FRANKLIN
LAWRENCE
JEFF. DAVIS
LAMAR
FORREST
PERRY
GREENE
MARION
AMITE
PIKE
WALTHALL
WILKINSON
PEARL RIVER
GEORGE
STONE
JACKSON
HARRISON
HANCOCK
MISSISSIPPI
PCA District Offices
PCA Branch Offices



SOUTH CAROLINA

■ PCA District Offices

● PCA Branch Offices



TENNESSEE

■ PCA District Offices

● PCA Branch Offices

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1. Federal Intermediate Credit Banks of Louisville, Ky.; Columbia, S.C.; New Orleans, La.; and St. Louis, Mo.

2. State Universities: Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, Tennessee, South Carolina (Clemson), and Texas A & M.

3. Farm Bureau Federations of Alabama, Florida, Georgia, and South Carolina.

4. Alabama Cattlemen's Association, Montgomery, Alabama.

5. State Departments of Agriculture in Alabama, Arkansas, Florida, Georgia, and Louisiana.

6. Producers Credit Corporations.

7. Bankers in Arkansas, Louisiana, Georgia, and South Carolina.

FARMER COOPERATIVE SERVICE
U.S. DEPARTMENT OF AGRICULTURE

Farmer Cooperative Service provides research, management, and educational assistance to cooperatives to strengthen the economic position of farmers and other rural residents. It works directly with cooperative leaders and Federal and State agencies to improve organization, leadership, and operation of cooperatives and to give guidance to further development.

The Service (1) helps farmers and other rural residents obtain supplies and services at lower cost and to get better prices for products they sell; (2) advises rural residents on developing existing resources through cooperative action to enhance rural living; (3) helps cooperatives improve services and operating efficiency; (4) informs members, directors, employees, and the public on how cooperatives work and benefit their members and their communities; and (5) encourages international cooperative programs.

The Service publishes research and educational materials and issues *News for Farmer Cooperatives*. All programs and activities are conducted on a nondiscriminatory basis, without regard to race, creed, color, sex, or national origin.